

23.7 REVIEW OF PREVIOUS HOUSING ELEMENT

The Housing Element adopted by the City in 1987 established a set of action plans to be used in an attempt to meet the goals set forth by the Element. This section summarizes the extent to which these action plans were completed, discusses possible reasons for failures, and suggests ways in which these plans might be completed in the future. Throughout the following discussion, the goal topics are numbered as they were in the previous Element, and a synopsis of each goal or plan is presented in bold type.

23.7.1 New Housing Production

Plan for the construction of approximately 7,800 homes between 1987 and 1991.

This goal was established based on the number of development proposals approved by and pending before the City in 1987. Based on the SACOG allocation for this period, as pro-rated (the 1983 SACOG allocation for Folsom was for a seven-year period), the City's housing construction need between 1985 and 1990 was 1,182 units. The Housing and Population Capacity Analysis For the City of Folsom, California estimated that a total of 3,869 housing units were constructed over this period. The breakdown by type of unit and the estimated units constructed over the life of the previous Housing Element is provided in the following table.

Although the City did plan for the construction of 7,800 dwelling units, the slow-down in housing construction between 1989 and 1991 resulted in substantially fewer dwelling units being constructed during this period.

The number of units constructed, however, was still three times the number allocated to Folsom as its regional share during this period.

The affordability of housing constructed since the previous Housing Element was adopted in 1987 can be approximated using information about housing which was constructed during the period 1985 to 1990.

For-Sale Housing

Because of the typical market prices of new homes in Folsom, very low- and low-income households are not capable of purchasing homes in Folsom. Moderate-income households may be able to afford a small amount of the for-sale housing in Folsom. The 121 single-family high-density homes (in general, these homes will be less expensive than the single-family low density homes) built between 1987 and 1991 were affordable to moderate-income households earning between 100% and 120% of median income. The 1990 Census determined that 81.7 percent of the single family homes in Folsom are owner-occupied. If this percentage were applied to the number of single family units constructed in the high-density category, then ninety-nine single family purchase homes were built from 1987 to 1991 and were affordable to moderate-income households.

Rental Housing

The City collected information on rental rates charged for 941 multifamily units at four apartment complexes which were built between 1986 and 1991. The results of this survey are shown below.

Table 23-30
HOUSING UNITS CONSTRUCTED FROM 1985 TO 1990

Type of Unit	1985	1990	1985-1990	Yearly	1987-1991
SF Low	3,434	5,916	2,482	496.6	1,986
SF High	297	248	151	30.2	121
MF Low	443	923	480	96.0	384
MF Med/High	361	1,114	753	150.6	602
Mobilehomes	666	669	3	0.0	0
Total	4,535	9,070	3,869	773.4	3,094

Source: Housing and Population Capacity Analysis For the City of Folsom, California.

Table 23-31
MULTIFAMILY UNITS BUILT SINCE 1986 - RENTAL RATE SURVEY

Apt. Size	Ave. Rate	# of Units	Affordable to (income group)
1 Bedroom	\$528	52	
	634	116	low-income
	555	34	mod-income
	575	33	low-income
	575	60	low-income
	610	60	low-income
			mod-income
2 Bedroom	\$590	61	
	603	77	low-income
	714	120	low-income
	814	108	mod-income
	655	34	mod-income
	675	35	low-income
	710	15	low-income
	730	16	mod-income
	670	40	mod-income
	700	72	low-income
	710	80	mod-income
			mod-income
Total		941	
Affordable to Low- and Moderate-Income		426 (45%)	
Affordable to Moderate-Income Only		515 (55%)	

Notes: Affordability is based on two persons per 1-bedroom apartment and three persons per 2-bedroom apartment.

Maximum affordable rents are taken from Table 9.

Using the results outlined above, the following conclusions can be drawn regarding the affordability of multifamily units built in Folsom from 1987 to 1991.

1) No multifamily units were built which are affordable to very low-income households.

2) Forty-five percent of the units surveyed are affordable to low-income households. Table 23 indicates that 986 multifamily units were built between 1987 and 1991. Thus, 444 multifamily units built between 1987 and 1991 are affordable to low-income households ($.45 \times 986 = 444$).

3) Fifty-five percent of the units surveyed are affordable to moderate-income households. Of the multifamily units built between 1987 and 1991.

- 542 are affordable to moderate income households ($.55 \times 986 = 542$).

23.7.2 Provision of Public Services

Plan for the provision of public services and facilities to serve 5,870 housing units between 1986 and 1990. [NOTE: The difference in the number of dwelling units referred to in this objective and objective number 1 is due to the difference in time frames for these two objectives.]

a. Pursuit of additional water allocation from the Bureau of Reclamation.

The City recently requested an additional 50,000 acre feet of water from the Federal Bureau of Reclamation to be used in two 25,000 acre feet increments over the next twenty years. The Bureau of Reclamation has not yet responded to the request for 50,000 acre-feet, but is in the process of approving an additional 7,000 acre feet for the City. According to City staff involved in acquiring the additional water, it appears likely that the City will receive this additional 7,000 acre feet. The City is also negotiating for additional water from other water purveyors. Although Folsom is pursuing options to guarantee long-term sources of water, the City does not anticipate any shortage of water supply through 1996.

b. Establishment of facilities plans funded through collection of fees.

The East Area Facilities Plan is the only facilities plan which has not been completed, and it is scheduled for completion by the end of 1992.

The City has, therefore, successfully responded to the need to create funding mechanisms for infrastructure to allow for development to proceed.

c. Collection of development fees to pay for essential off-site improvements benefitting new development, including temporary school facilities.

The City continues to charge fees on all new development. The Folsom-Cordova School District collects school fees which can be used for temporary school facilities. and the County regional sewer agency assesses fees for regional sewer facilities. The City has been successful in ensuring that the fees it collects are adequate to meet the public facilities needs of new development, but the added cost to new housing does pose an affordability barrier to low-income households. The City would need to find ways of partially subsidizing these costs and looking at alternative requirements to mitigate the cost impact of necessary infrastructure on affordable housing. A blue-ribbon committee headed by Folsom Councilman Holderness has been established to investigate alternatives to developer fees.

Continued enforcement of development standards addressing internal improvements in new development.

The City continues to enforce its development standards, which have substantially improved the quality of development in Folsom. Although these standards are necessary to carry out important environmental and aesthetic goals, the standards can be implemented in a way that allows for some flexibility for affordable housing developments.

Coordination with Sacramento County to ensure that additional wastewater collector capacity is constructed in an adequate fashion. to serve Folsom.

The facilities plans outline the manner in which the City will coordinate with the County in an effort to ensure that there is sufficient collector capacity for new development. To date, the City does not anticipate any difficulties in meeting the sewer system demands imposed by new development in the City.

Establishment of a finance program for needed bridge expansion.

The Environmental Impact Report for this program is in the draft stage. Once the City Council adopts the EIR, staff will prepare the actual finance plan. The impact of such a finance plan on new development has yet to be determined.

23.7.3 Revise General Plan

In October, 1988, the City adopted a revised General Plan, which made substantial changes in land use designations in order to reflect changes in anticipated housing, commercial, and industrial land use demands. Specifically, residential densities were increased across the board to allow for increased affordable housing opportunities. The previous Housing Element suggested the following changes.

Designate areas that are appropriate for higher density residential development.

Maximum residential densities in all areas of the City were increased as a result of the General Plan Update.

Listed below are the densities allowed under the previous General Plan and under the current General Plan.

Designate enough sites between 1986 and 1990 at sufficient densities to allow private builders to provide 636 additional units of housing affordable to lower-income households.

As previously identified, 444 multifamily housing units affordable to lower-income households were constructed between 1987 and 1991. It was also assumed that there were not any single-family homes built during the same period that were affordable to lower-income households.

If the current General Plan Residential densities were in place over the entire period, it is possible that 636 affordable units would have been constructed. In fact, it is likely that projects built up to two years after the General Plan was adopted reflect densities prescribed by the previous Plan. However, it is more likely that other reasons for the shortfall of affordable units exists. The primary reason was the difficulty of financing multifamily rental developments after changes in federal tax policies took effect in 1987.

<u>Land Use</u>	<u>Previous G.P.</u>	<u>Current G.P.</u>
SF Very Low	1 unit/20 acres	N/A
SF Low	2 units/acre	2.0-3.9 units/acre
SF Low	3-5 units/acre	N/A
SF Medium	5 units/acre	N/A
SF High	N/A	4.0-6.9 units/acre
MF	12 units/acre	N/A
MF Low		7.0-11.9 units/acre
MF Medium	N/A	12.0-17.9 units/acre
MF High	N/A	18.0-25.0 units/acre

As another example, although the maximum number of units per acre in multifamily high density areas is twenty-five, although the number of units which will be constructed is only eighteen typical maximum density has, historically, been twelve dwelling units per acre. Considering this fact, the City may need to encourage higher density development in the multifamily high density zone to accommodate very low-income households.

Several programs have been proposed by the City (see Goals, Policies, and Programs) to encourage multifamily developments at 18-25 dwelling units per acre. The City's inability to produce a sufficient amount of affordable housing is largely a result of factors discussed throughout this section. To be able to meet its lower-income housing goals through 1996, the City would need to consider how it can improve the financial feasibility of affordable housing through higher densities and other development incentives. A range of 18 to 25 dwelling units per acre would give developers of affordable housing greater options for proposing financially feasible projects.

Specific areas of the City that would be studied for higher residential densities are: the City's redevelopment area; the residential areas between Blue Ravine Road, the Southern Pacific Railroad line, Sibley Street, and Bidwell Street; three parcels of land north and east of the proposed community college site; and residential lands between the SPRR lines on the north and Highway 50 on the south.

As mentioned above, maximum residential densities have been increased throughout the City as a result of the General Plan Update process.

23.7.4 Housing Rehabilitation

Establish a housing repair and rehabilitation program in cooperation with the Sacramento Housing and Redevelopment Agency to conserve Folsom's stock of affordable housing. Repair the fifty single-family homes, forty

apartment units, and six duplex units identified in the housing conditions survey by 1990, and retrofit up to thirty to fifty homes per year to increase their accessibility to disabled individuals. To accomplish this, the City will undertake the following six specific programs.

Although the lack of proper record-keeping procedures precludes the possibility of determining if the above goals have been met, it is likely that the City has fallen substantially short. The objective set for this program was unrealistic in light of the amount of city and Sacramento Redevelopment Agency funding available between 1986 and 1991.

However, the City's Redevelopment Agency is beginning to accumulate a substantial amount of 20 percent set aside funds which can be used for housing rehabilitation. This source of funding will allow the City to sustain its present rate of residential rehabilitation in the future, which appears to be sufficient to meet the demand. The City should continue to set goals for rehabilitation and will devote more effort to its rehabilitation program.

a. Housing repair and rehabilitation program for low-income homeowners City-wide.

Folsom has been receiving CDBG entitlement funds from the Sacramento Housing and Redevelopment Agency for residential rehabilitation purposes since at least 1987. This program requires recipients to be lower-income households. In 1990, the City spent about \$70,000 of CDBG entitlement funds on residential rehabilitation. The total amount available from SHRA.

b. Housing maintenance and minor repair program for low-income homeowners.

There is no specific program aimed at housing maintenance and minor repair for low-income households because CDBG funds are available for this purpose. This activity should be covered

under the city's overall housing rehabilitation program, so that it is not necessary to designate minor repair as a separate program.

c. Emergency home repair program.

No specific program has been adopted for this purpose because emergency health and safety repairs are covered under the City's housing rehabilitation program. There is no need for a separate program for emergency repairs.

d. Housing retrofit program.

No specific energy conservation retrofit program has been adopted because this type of home improvement is covered under the City's housing rehabilitation program. There is no need for a separate program for emergency repairs.

e. Low interest loan housing repair program.

(See above CDBG program description.)

f. Rental housing rehabilitation program.

Since 1987, the City's Redevelopment Agency has provided financial assistance for the rehabilitation of fourteen multifamily housing units. These units are affordable to low-income households. Because this program provides a vital source of financing for rental housing in need of rehabilitation, this activity should be continued (see discussion of CDBG rehabilitation).

23.7.5 Economic Feasibility of Affordable Housing

Between 1987 and 1991, increase the supply of units affordable to very low-income households by 200 units, lower-income households by 575 units, and moderate-income households by 1,400 units.

There were no housing units constructed between 1987 and 1991 which were affordable to very low-income households. Between 1987 and 1991, as previously mentioned, 444 rental units affordable to low-income households were constructed and 542 multifamily rental units were constructed which were affordable to moderate-income households. One hundred twenty-one (121) single family homes were built between 1987 and 1991 which were affordable to moderate-income households. There are three primary reasons that no housing affordable to very low-income households was constructed:

1) Even with density bonuses and regulatory incentives, new rental housing requires governmental subsidies to be affordable to very-low income households, either in the form of lower interest rates, partial subsidy of development cost, or direct subsidy to the very low-income renter.

2) Because of staff limitations, the City could not devote sufficient staff time to identifying governmental subsidies that could be used in Folsom, applying for those subsidies, and seeking an interested developer to construct rental units affordable to very-low income households. Part of this work has been accomplished, however, with the preparation of a report by the Community Development Department on multifamily housing, submitted to the City Council in 1989. This report investigated options for increasing the supply of affordable housing and whether or not those options could work in Folsom to implement the 1988 General Plan.

3) Because of the intense demand for single-family housing and because of land development costs in Folsom, it was unlikely that home builders would propose rental housing projects affordable to very low-income households without strong encouragement and active participation by the City.

To overcome these obstacles in the future, Folsom would need to assign staff time to

researching appropriate subsidies for very low-income housing, seeking a committed developer (for-profit or non-profit), and making available local incentives to improve the financial feasibility of developing such housing.

The most practical method for the City to increase the supply of very low- and low-income housing is to work with developers to use government financing and regulatory incentives to include a percentage of such units in new multifamily rental projects. Such an approach would stop short of a mandatory requirement ("inclusionary zoning") but would use a negotiated process to strongly seek commitments from home builders. By mixing low-, moderate-, and middle-income housing in new rental projects, the financial feasibility of supplying affordable housing increases and the over-concentration of low-income housing is avoided.

Substantial governmental subsidies would still be required, however, to make housing affordable to the poorest residents of Folsom.

In setting future objectives for affordable rental housing, the City should account for the financial "gap" that makes affordable housing infeasible in Folsom without substantial financial incentives.

a. Institute a density bonus program.

The City has not formally adopted a density-bonus ordinance but follows the requirements of state law. The City has, historically, considered density bonus requests on a case-by-case basis. Developer interest in a density bonus program was not high between 1986 and 1991, however, and there have not been any requests for density bonuses. The housing market has undergone some important changes since the late 1980s, however, and developer interest in density bonuses may warrant the adoption of an ordinance within the next year. The lack of interest by the development community can be attributed to homebuilders'

focus on the upper end, "move-up" segment of the single-family market between 1987 and 1991. For the predominant type of housing constructed during this period, density bonuses were not of concern.

The interest in affordable housing for which density bonuses would be requested may be on the increase, however, as the upper end of the market becomes saturated and home builders look for other opportunities. The housing recession, which began in 1990, has forced many builders to reorient their product to the first-time homebuyer. To sell such units, builders must emphasize affordability, and density bonuses may become an important consideration in reducing housing development costs.

The City could also become more aggressive in searching out interested home builders to construct affordable rental housing. The City should not, therefore, abandon the concept of adopting a density bonus program tailored to its own needs.

b. Coordinate the issuance of tax-exempt bonds.

The City has not issued tax-exempt bonds due to the lack of available City staff time to coordinate the necessary tasks preceding the issuance of bonds and the absence of specific development projects for which the bonds could be used. Tax-exempt financing represents an attractive alternative for home builders interested in affordable housing, and so the City should not abandon this option. To increase the likelihood of success in the future, the City should first identify one or more builders interested in using tax-exempt financing for affordable housing projects, apply for an allocation to issue bonds, and then determine the most feasible approach to the use of that allocation (i.e., issuing bonds through a City-sponsored program only, forming a joint powers agreement with another jurisdiction to share costs and expertise, or issuing mortgage credit certificates in place of bonds).

c. Actively seek builder participation in California Housing Finance Agency (CHFA) programs.

The City has not aggressively pursued the use of CHFA loans because the purchase cost of housing in Folsom is substantially higher than the maximum home purchase price currently allowed for CHFA loans in Sacramento County (\$126,200). If the purchase price of homes in Folsom begins to approach the CHFA limits, the City will reevaluate the CHFA possibilities. One method of improving the possibility of using CHFA programs is to seek home builder commitments for less costly forms of ownership housing, such as townhouses, condominiums, and small lot single family homes.

d. Actively seek builder or nonprofit agency participation in state/federal programs for elderly and family affordable rental housing.

The City has not done this because of the lack of available City staff time and the absence of interested developers to construct such housing. The probability of constructing affordable rental housing for elderly persons and families could increase if the City were to take a more aggressive posture in its development negotiations and offer regulatory and financial incentives to increase the financial feasibility of producing such housing. However, the success of such an approach will depend on the interest of home builders and whether there are other home building opportunities that can avoid the complications of developing affordable housing.

One such developer, FPI Real Estate, has expressed an interest in developing an elderly housing project in Folsom, but will require City support in making use available local, state, and/or federal resources to help finance such a project.

e. Seek the participation of one or more large corporate employers to provide low-cost financing and/or a land-buy-down subsidy for

the development of housing affordable to lower- and moderate-income residents.

City staff recently contacted the Intel Corporation to investigate the possibility of enlisting the company's assistance in providing affordable housing for their employees. Intel responded positively, but no specific plans have been developed. A substantial amount of City staff time would need to be allocated to this project to achieve an agreement with Intel. This program should be continued, as there is a strong possibility that the City could successfully negotiate some form of participation by Intel and other large corporate employers in Folsom in the production of housing affordable to its workers.

23.7 6. Preserve Mobilehome Parks

Maintain the existing zoning/General Plan mobilehome park designations and provide technical assistance to interested mobilehome park owners who wish to convert to cooperative ownership.

The General Plan adopted in 1988 maintained the land use designation allowing for mobilehomes (designated as Single Family High Density/Mobilehomes). Since the City staff does not have to expertise to assist mobilehome park residents who wish to convert to cooperative ownership, these residents are referred to special interest groups that are actively involved in this area.

23.7.7 Mortgage Revenue Bonds

Participate in future County issues of single-family mortgage revenue bonds.

The City passes a resolution each year declaring that the City will participate in this program. However, staff has been unable to ascertain whether or not the County has made any Mortgage Revenue Bond funds available in the

Folsom area. To increase the probability that such funds would be used in Folsom, the City could enter into a joint-powers agreement with Sacramento County to apply for an allocation and to issue bonds or mortgage credit certificates. The City is not in a position, at present, to issue bonds on its own for affordable housing, but may be able to jointly issue bonds with one or more other agencies. To implement this program, the City would need to recruit interested builders before the bonds are issued.

23.7.8 Condominium Conversion Ordinance

Prepare an ordinance governing the conversion of apartment buildings to condominium units.

The City's General Plan contains a policy regarding condominium conversions, and the City has not adopted an ordinance to implement this policy. There have not been any requests to convert apartments to condominiums, however.

23.7.9 Housing Assistance Program Referrals

Continue to provide interested individuals with information and referrals on housing assistance programs.

The City has, historically, relied on the Sacramento Housing and Redevelopment Agency and other community organizations in Folsom to make information available on Section 8 assistance, federally assisted below-market-rate rental units, weatherization programs, and housing rehabilitation programs. For the housing rehabilitation program managed by the City, the Folsom has made information available directly to the public. Because of Folsom's distance from the Housing Authority offices, the City could better serve its residents if made information from the Housing Authority available at City Hall.

23.7.10 Fair Housing Law Compliance

Maintain information on fair housing laws, refer housing discrimination complaints to the Sacramento County Human Rights and Fair Housing Commission or the California Fair Employment and Housing Department, and organize a fair housing workshop.

The City refers housing discrimination complaints to the appropriate agencies, but the City has not organized a fair housing workshop. Interviews with several City employees indicate that there have not been any housing discrimination complaints made to the City since 1986. For this reason, the City has not made the availability of housing discrimination information at City Hall a high priority. If housing discrimination becomes a problem in the future, City staff will take action to organize a workshop. The need for such a workshop is questionable at this time, however. The City could provide information to interested individuals on fair housing laws. To do so, it could rely on information available from the Sacramento County Housing and Redevelopment Agency, or from community-based housing organizations that specialize handling discrimination complaints.

23.7.11 Urban Development Policies

Continue to implement Folsom's urban development policies and standards.

The City continuously enforces these standards as part of the development review process. The City has been successful in increasing the quality of project designs and the environmental sensitivity of development proposals through its policies and standards.

23.7.12 Monitor Employment Growth

Report to the Planning Commission and City Council at least every two years.

A report was made to the Planning Commission and City Council 1988 in the form of the General Plan Update, in 1990 in the form of a report entitled Housing and Population Capacity Analysis For the City of Folsom, and in July 1991. Each of these reports addressed the subject of employment growth and the population growth and housing demand that could be expected as a result of job creation. The City should continue to periodically evaluate the relationship between jobs and housing as part of the Housing Element review.

23.7.13 Annual Review of Housing Element

Review the Housing Element annually to monitor the City's progress in implementing its housing programs and report to the Planning Commission and City Council.

The City did not implement this action in the past, mainly due to the lack of available City staff time, but is now monitoring its progress annually as required by state law. To carry out this review, the City will need to allocate staff time to this activity and make the Housing Element evaluation a higher priority.

23.7.14 Second Unit Ordinance

Adopt an ordinance allowing second units in single-family zones subject to specific criteria.

The City's General Plan contains a policy regarding second units, but the City has not adopted an ordinance for second units, per se. The City's Zoning Code allows accessory structures without kitchens designed for human occupancy. There have not been any requests to build second units. The City will adopt an ordinance if there is a request, but the lack of City staff time needed to prepare an ordinance precludes this from being completed until it actually becomes an issue. At the present time, therefore, the standards set forth in state law would regulate the construction of second units in the City.

23.7.15 Permit Review Process

Study the City's planning and building permit process to determine if there are process changes that could be made to improve the handling of development applications.

This is an ongoing process. Over the past several years, the following improvements have been made in the Community Development and Building departments:

1) development of informational materials for public use to help speed up the process;

2) concurrent processing (Building and Community Development departments can process applications concurrently) has been implemented;

3) the building permit process has been computerized;

4) a "fee committee" was established to ensure compliance (facilitates project completion for larger projects); and

5) development fees are reviewed regularly to ensure that they reflect actual costs incurred by the City.

With these improvements in the development review process, the City is able to handle a higher volume of development proposals more efficiently. The City will continue to monitor its development review processes to evaluate if further changes are warranted.

23.7.16 Identification of Possible Locations for Emergency Housing Shelters

The section of this Element which addresses the homeless population discusses the reasons why Folsom does not currently need emergency housing shelters for the homeless. Local service agencies who deal with homeless issues do not believe that there is a significant homeless population in Folsom. For this reason, the City

has not made the identification of sites for homeless facilities are high priority. Until such a need is evident, the City will not attempt to designate any particular locations for homeless facilities. The City will, however, review its zoning requirements to ensure that a homeless facility could be sited within the City should the need arise.

23.8 DEFINITIONS

23.8.1 Affordability

Homeowner Households

For households purchasing their units, maximum housing costs should not exceed the maximum percentage of gross income allowed by mortgage lenders in qualifying home buyers. This is estimated to be in the 30 percent to 35 percent range. For the purposes of this Element, 30 percent is used as the maximum amount.

Renter Household

Very low- and low-income households should not spend more than 30% of their gross income on housing costs. This figure has been adopted by the federal and state governments and is being implemented in their housing programs.

It has been determined that moderate- and above moderate-income households do not require rental housing assistance and should pay whatever they decide is appropriate for rent.

23.8.2 Housing Costs and Responsibilities

Home Ownership

Housing costs include principal, interest, taxes, and insurance payments paid by the homeowner. In evaluating the affordability of ownership housing, however, one should also consider the income tax savings that homeowners realize from

the deduction of mortgage interest and property taxes from the calculation of taxable income.

Renter

Housing costs include payments for rent and utilities.

23.8.3 Housing Types

Single-family Detached

One housing unit per lot, serving the needs of one family.

Single-family Attached

One housing unit per lot, serving the needs of one family, but sharing a common wall with a single-family attached home on an adjacent lot.

Duplex

Two single family-attached homes on one lot.

Multi-family

Housing complexes consisting of more than three units per lot.

23.8.4 Income Categories

Very Low

Household income is 50% or less of the median income for households of similar size.

Low

Household income is between 50% and 80% of median income for households of similar size.

Moderate

Household income is between 80% and 120% of median income for households of similar size.

Above Moderate

Household income is greater than 120% of median income for households of similar size.

23.8.5 Median Income

Median income, the most commonly used measure for federal and state housing programs, is that level of income at which 50% of the households earn more and 50% earn below the annual dollar amount determined to be the median. The Housing Element uses federal Department of Housing and Urban Development (HUD) income figures (as published by the state Department of Housing and Community Development) for the Sacramento Metropolitan Area to determine median income levels for Folsom. The HUD figures are updated approximately every 18 months.

23.9 HOUSING GOALS, POLICIES, AND PROGRAMS

This section of the Housing Element contains the City's goals, policies, and proposed programs implement the City's housing program. The goals and policies reflect the needs identified previously in the Element. Each proposed implementation program contains a description of the intended action, an explanation of the agency responsible for administering the program, possible sources of funding (if applicable), the timeframe during which the program would take effect, and anticipated results. Whenever possible, the anticipated results have been expressed in quantified terms.

The programs contained in this Element are based on the philosophy that the City's proper role is one of facilitator of the private sector and non-profit housing corporations. When necessary to meet low- and moderate-income housing needs, Folsom will use its redevelopment tax increment housing set-aside funds, provide regulatory

incentives, and use available state and federal programs. In the past, the City's role has been severely limited by a lack of local staffing and financial resources to accomplish its housing agenda.

During the period covered by the prior Housing Element the City had available only a small amount of redevelopment tax increment funds for housing program. The small amount of money available was directed to housing rehabilitation in the blighted area identified in Redevelopment Plan (the Montrose-Talisman area). A number of duplexes and small apartment buildings have been rehabilitated in this area.

Beginning with the 1992-93 fiscal year, the City will be able to institute a formal housing program by dedicating staff time on an on-going basis to housing programs and by expanding the use of local redevelopment funds. The availability of staff time for housing program implementation will allow the City to take advantage of state and federal programs and other housing strategies which were formerly beyond the City's capabilities.

23.9.1 Assumptions

1) The proposed policies and programs are based upon the assumption that Folsom's proper role in the development of housing is one of facilitator in the development of housing.

2) The City will pursue a planning role for housing construction which provides a favorable regulatory environment for housing.

3) Financial assistance from state and federal agencies will be pursued.

4) The City will use redevelopment housing set aside funds to support affordable housing programs.

5) The City will encourage interested builders to work with the City on alternative housing developments that will promote affordability for low- and moderate-income households.

6) Whether or not appropriate amounts and types of housing are constructed, however, will depend primarily on the decisions of home builders and non-profit housing corporations. The City, itself, is not in the business of building housing.

7) In developing its proposed housing strategy, the City has decided not to pursue a mandatory inclusionary housing program, required land dedications for affordable housing, or required contributions to a housing trust fund in lieu of building affordable housing. The City's reasons are as follows:

a. Folsom does not believe it is in a position to dictate builders' responses to the housing demand.

b. Given the reduced level of state and federal subsidies to support affordable housing development, the City does not want affordable housing units in an inclusionary program to be subsidized by higher prices/costs on market-rate units. This internal development subsidy could substantially affect the availability of housing affordable to moderate- and middle-income households.

c. The City does not want builders to offset the costs associated with land dedications or contributions to a housing trust fund by raising their prices on market-rate housing.

d. Given the great variation in financial, environmental, and locational considerations among residential development proposals, the City does not believe it is appropriate or desirable to require a fixed percentage of affordable housing in all new residential developments.

e. The City believes that, in the long run, can achieve a reasonable balance between the needs of its low- and moderate-income residents and the ability and willingness of the private market to respond to those needs through voluntary approaches.

For a full discussion of the advantages and disadvantages of voluntary versus mandatory approaches to providing affordable housing, see the Appendix, "SUMMARY OF APPROACHES TO AFFORDABLE HOUSING REQUIREMENTS FOR NEW DEVELOPMENT". As Folsom monitors its progress annually in meeting its quantified objectives, it may re-examine the costs and benefits of mandatory affordable housing programs.

23.9.2 HOUSING ELEMENT GOALS AND POLICIES

GOAL 18

To provide for the City's regional share of new housing for all income groups.

POLICY 18.1

Maintain sufficient land zoned at a range of residential densities to accommodate the City's regional share of housing.

POLICY 18.2

Identify sites that are suitable for multifamily housing and residential redevelopment.

POLICY 18.3

To encourage home builders to use multifamily-designated land for the highest allowed density housing consistent with the City's low- and moderate-income housing needs.

GOAL 19

To encourage the provision of affordable housing.

POLICY 19.1

The City will make use of state and federal programs for which it would be the applicant, and work with non-profit and for-profit developers to make use of those programs for which the developer must be the applicant. As one of its first implementation actions, the City will identify available, funded programs, determine which of those programs could be used in Folsom (based on the purpose and eligibility requirements for each program), and determine the most appropriate public agency or private entity to take primary responsibility for applying for funding.

POLICY 19.2

The City will also investigate the feasibility of issuing tax-exempt bonds or mortgage credit certificates to provide low-interest financing for affordable housing.

POLICY 19.3

The City will provide density bonuses to home builders proposing to include at least 10% very low-income housing or 20% low-income housing in their residential developments.

POLICY 19.4

The City will work with non-profit organizations, to identify potential projects and sources of funding to develop low- and moderate-income housing.

POLICY 19.5

The City will identify surplus government property that could be used for construction of housing affordable to low- and moderate-income

households and encourage interested developers to make use of such land.

POLICY 19.6

The City will develop a plan for the use of redevelopment tax increment funds set-aside for the construction and rehabilitation of housing for low- and moderate-income households.

GOAL 20

To improve the existing supply of housing

POLICY 20.1

Provide property owners with assistance to inspect and identify code violations in residential buildings.

POLICY 20.2

Continue to apply for state and federal assistance for housing rehabilitation for low-income households. Rental housing that is repaired with government assistance shall remain affordable to low-income households for a specified period of time.

POLICY 20.3

Require the abatement or demolition of substandard housing that is not economically feasible to repair and which represents a health and safety threat.

POLICY 20.4

Seek, through code enforcement, the private rehabilitation of substandard dwelling units and provide financial assistance, when available, to owners of dwelling units occupied by low-income households. In applying this policy, the City shall seek to avoid the displacement of low-income households.

POLICY 20.5

Periodically survey housing conditions in the to maintain a current data base on housing repair needs.

POLICY 20.6

Allocate a portion of the City's redevelopment tax increment set-aside funds for preserving substandard housing occupied by lower-income households.

GOAL 21

To ensure equal housing opportunity

POLICY 21.1

The City will provide information and referral to individuals with fair housing complaints.

GOAL 22

To promote energy conservation

POLICY 22.1

Continue to implement state energy-efficient standards.

POLICY 22.2

Include energy conservation guidelines as part of the development standards for the specific plan area.

POLICY 22.3

Provide weatherization assistance to low-income households.

GOAL 22-A

To promote the preservation of historic residences

POLICY 22-A.1

The City will encourage the preservation of residential buildings with historic or architectural value.

GOAL 22-B

To develop a plan for the use of redevelopment housing set aside funds.

POLICY 22-B.1

The City will prepare a plan to guide the use of redevelopment tax-increment funds set-aside to support low- and moderate-income housing programs.

23.9.3 PROGRAMS

PROGRAM 1 Provide Adequate Sites for Housing

Description. The City will continue its planning programs to accommodate new housing development as expeditiously as possible. Given the financial constraints discussed above over which the City has no control, and little ability to mitigate, it is unlikely that 100% of the needs of lower-income households can be met, even with a concerted effort by the City to work with for-profit and non-profit housing developers to use a number of techniques to supply affordable housing. The City's quantified objectives for low- and moderate-income housing are discussed in the following section.

The City will accomplish this program through an annual review of the composition of the housing stock, the types of dwelling units under

construction or expected to be under construction during the following year, and the anticipated mix, based on development proposals approved, or under review, by the City of housing to be developed during the remainder of the period covered by the Housing Element. This analysis will be compared to the City's remaining "fair share" housing need to determine if any changes in land use policy are warranted.

The City contains approximately 1,088 acres of undeveloped land designated for single-family residential use and 322 acres of for multifamily use (excluding approved development projects and projects presently under construction).

Folsom's allocation between 1989 and 1996 is 7,559 dwelling units, of which 2,572 units were constructed between 1989 and 1991 (see Table 8). The remaining need through 1996 is 1,905 very low-income dwelling units, 1,038 low-income dwelling units, 924 moderate-income dwelling units, and 1,220 above moderate-income dwelling units. Folsom has adequate vacant land (including land in developments presently under construction) to accommodate 100% of its SACOG regional housing needs (see Tables 23-26).

The City believes that its General Plan and zoning densities are sufficient, in combination with density bonuses, to provide adequate densities for housing for all income groups. Adequate zoning densities will not, by themselves, guarantee the economic feasibility of producing affordable housing, however.

There may be financial constraints that would prohibit home builders from being able to address the needs of low- and moderate-income households, even with the residential densities permitted by the City. For example, the ability of the private sector to provide housing affordable to these groups could be substantially affected by interest rates, federal tax-policies and incentives for lower-income housing, the availability of state and federal housing development and operation subsidies, and housing development costs. With

the exception of housing development costs, the City has no control over these other factors that affect the ability of home builders to deliver housing affordable to low- and moderate-income households.

The City can affect housing development costs, in part, through its zoning policies, its development permit procedures, its subdivision and development standards, its requirements for public services and facilities for new development, and the methods it adopts to finance those services and facilities. These aspects of the City's influence on development costs were discussed in Chapter IV, Housing Constraints.

Administration/Funding. Community Development Department and City Council.

Timeframe. Current and ongoing.

Expected Results. Periodic updating of the City's vacant land use inventory with an annual comparison of needed units by income/density category and remaining vacant land by General Plan/zoning category. This regular updating and comparison may lead to a periodic refinement of City's land use regulations to reflect changes in housing need.

PROGRAM 2. Sites for Multifamily Rental Housing

Description. Although the City cannot control the market conditions conducive to the production of multifamily housing, the City can, through its General Plan policies and development permit procedures, ensure that land designated for multifamily use is not prematurely committed to single-family development and that the total development potential for affordable housing is maintained. Should a developer propose single-family housing on multifamily-designated land, the City will undertake one or more of the following actions to mitigate the loss of that land for

potential use for housing affordable to low- and moderate-income households;

- 1) Determine whether there is sufficient remaining multifamily-zoned land to meet the City's low- and moderate-income housing needs and, if so, allow the project for single family use (the burden would be on the applicant to document the sufficiency of remaining multifamily-zoned land);
- 2) Find that the project will have negative implications for the supply of land for affordable housing, and request the project proponent to include affordable housing in the development plan;
- 3) Find that the project will have negative implications for the supply of land for affordable housing, and request the project proponent to work with the City in developing affordable housing on another site;
- 4) Instigate a rezone to multifamily use of undeveloped single family-zoned or other land elsewhere in the City to offset the loss of multifamily land; or
- 5) Seek to ensure that developers of other multifamily-zoned sites submit proposals with densities that are closer to the maximum allowed under the General Plan to assure that the total number of potentially affordable multifamily units to be developed can be maintained.

One of the most critical needs in the City, as identified in a staff report to the City Council (see Multifamily Housing Report prepared for the City of Folsom in 1990 by Loretta McMaster), is for affordable multifamily rental housing and large family housing. This includes both rental apartments for lower-income households and ownership housing for moderate-income households. Nearly 60% of the City's remaining housing needs between 1991 and 1996, according to the SACOG housing allocation plan, is for housing affordable to low-income households.

Most of these low-income households cannot afford, are not expected to be able to purchase, single family homes or condominiums, even with the programs included in this Element which seek to reduce housing costs.

The provision of adequate sites for multifamily rental housing is included in this Element as a separate program from sites in general because state housing law imposes an affirmative obligation on local governments to designate sufficient land to meet their housing needs, including sites for multifamily rental housing.

The City should make the most effective use of these sites it has designated for multifamily use to promote the construction of housing affordable to low- and moderate-income households. The documentation of the sufficiency of remaining land to meet the City's housing needs would be based on the City's annual review of its Housing Element objectives, as updated by information provided by an applicant for a rezone.

Multifamily rental housing does not typically provide dwelling units for large families, and so the City will encourage that a percentage of new multifamily dwelling units contain three and four bedrooms. The City will require the provision of three- and four-bedroom units in family housing projects that it participates in through state and federal funding.

Administration/Funding. The Community Development Department will carry out this program as part of its on-going planning activities.

Timeframe. July 1991 to June 1996.

Expected Results. Designation of sufficient land to accommodate 3,962 units of multifamily housing, including rental apartments, townhouses, condominiums, and single family attached dwelling units. The City will monitor the remaining vacant land annually to determine Folsom's ongoing ability to meet its housing needs and whether any changes in land use are

warranted. It is expected that at market rates, 150 units could be developed at costs that are affordable to low-income households and 400 units would be affordable to moderate-income households. Whether or not the full 3,962 dwelling units can be developed will depend on market factors beyond the City's control. The City monitor the availability of multifamily-designated land through its annual Housing Element review.

PROGRAM 3. Provision of Public Services

Description. The City will continue to plan for and develop financing plans to finance the provision of public services and facilities that are needed to serve new residential development. These include streets, intersection and interchange improvements, a new bridge across the American River, water and sewer facilities, additional water allocations, drainage facilities, emergency services, educational services and facilities, recreational services and facilities, and general municipal governmental services.

The City has employed, and will continue to employ, a number of methods for identifying needed services and facilities. These include the preparation of specific plans to govern the development of large areas of land designated for a mixture of uses, the preparation of financing plans to accompany the public facilities and service components of specific plans, the preparation and periodic updating of a city-wide Capital Improvements Plan. In establishing minimum standards for public services and facilities, the City will seek to balance the need for assuring that residents of new development enjoy a high quality of public services and facilities with the need to mitigate the cost-effects of public service and facility requirements on the ability of home builders to provide affordable housing.

To finance needed services and facilities, the City will seek to reduce the up-front housing costs impacts as much as possible by charging

development fees only for the cost of those services and facilities which must be in place prior to, or shortly after, the completion of a development and for which long-term financing options are unavailable. Whenever possible, the City will seek financing solutions that allow costs to be stretched over a period of ten or more years. Among the long-term financing options are the creation of special assessment districts with the power to issue bonds that would be repaid by annual assessments levied on properties in the district based on the level of benefit received from the services and facilities. Mechanisms that allow the costs of needed infrastructure to be financed at lower municipal borrowing rates, rather than at the home loan interest rate, will ultimately reduce the cost to the consumer.

Administration/Funding. Community Development Department and Public Works Department will be responsible for identifying needed services and facilities. Finance Department and City Manager's Office would be responsible for coordinating any City participation in the financing (issuing bonds, conducting elections to establish an assessment district, etc.).

Timeframe. July 1991 to June 1996.

Expected Results. Provision of adequate services and facilities to accommodate City's regional share of housing needs.

PROGRAM 4. Sites for Special Group Housing

Description. There are a number of special population groups which the state has identified as in need of a residential living environment for their proper physical and mental fulfillment. These groups include mobility, developmentally, and mentally impaired individuals; elderly residents in need of 24-hour care; persons with mental illnesses; and individuals recovering from substance abuse. Group homes of six individuals serving these and other special population groups

will be allowed as a residential use in any residential zone in the City.

Administration/Funding. The Community Development Department will review applications for such homes as part of its development permit processing responsibility. The purpose of the review is to assure that proposed group homes meet state and federal criteria for siting. The City will continue to apply a conditional use permit process for group homes of more than six persons.

Timeframe. July 1991 to June 1996, and on-going.

Expected Results. No quantifiable estimate is available, as the number of individuals benefited will depend on the interest by public agencies or non-profit groups operating such facilities. In qualitative terms, a more enriched living environment will be provided to these special population groups.

PROGRAM 5. Housing for Older Adults

Description: The City will cooperate with non-profit and for-profit housing developers who propose to construct housing for older adults by providing assistance in applying for governmental funding and offering density bonuses and other local incentives (see affordable housing programs under Goal Two). There are a number of types of housing which could meet the needs of older adults, including rental housing apartments designed specifically for seniors, group homes, congregate care facilities, and mobilehome park/manufactured housing subdivision with recreational facilities for older adults.

The City currently allows housing development which is specifically designed for the lifestyle, physical, and medical needs of older adults in multifamily zones. There is a need for additional housing to meet the needs of this age group, particularly those who are low-income. The number of City residents most likely to need

special housing accommodations because of age-related physical and economic conditions has nearly doubled since 1980 and is projected to increase further during the 1990s.

Administration/Funding. The Community Development Department will be responsible for project review and consistency with development standards.

Timeframe. July 1991 to June 1996.

Expected Results. Depends on development proposals submitted to City.

PROGRAM 6. Housing for Single Parents With Children

Description. In its participation in housing programs, the City will investigate state and federal programs, and activities by non-profit housing sponsors, that can address the affordable housing requirements of single mothers as well as their child care needs. This program includes two specific actions:

- 1) Encouragement of development proposals that integrate affordable housing and child care services.

- 2) Review of the City's Zoning Code to ensure that City requirements do not overly restrict the location of child care services. Single parents with children have difficulty in arranging child care that is conveniently located with respect to work and their place of residence.

Single mothers, in particular, have the greatest difficulty in affording housing and child care because the majority of single mother are low-income (this group also has the highest incidence of impoverishment).

Administration/Funding. The Community Development Department will be responsible for Zoning Code and development review. Although

the City will not impose a requirement that a developer construct a child care facility, it will request that developers include in their proposals spaces in proposed buildings or sites on which such facilities could be developed or leased by a child care operator.

Timeframe. Cooperate in the development of one or more projects which integrate affordable housing and child care services between 1993 and 1996.

Expected Results. Increase in affordable housing and child care services and options for single mothers.

PROGRAM 7. Density Bonuses and Other Incentives

Description. Density bonuses provide a developer with additional dwelling units in exchange for the provision of housing affordable to lower-income households and specified senior citizen developments. State law provides that if a developer proposes to include at least 20% of the dwelling units in a project at rents/prices that are affordable to low-income households (households earning 50%-80% of median income) or 10% of the dwelling units in a project at rents/prices that are affordable to very low-income households (50% or less of median income), the local jurisdiction must permit a 25% density bonus and offer other development incentives.

In addition, the City must offer at least one economic or regulatory incentive that will help to reduce the development cost of the affordable housing project. Examples of incentives are financial contributions to development costs, development permit or fee waivers or reductions, expedited permit processing, allowance of cost-saving alternative development standards, application on a developer's behalf for state or federal subsidies, and the issuance of tax-exempt bonds to provide low-cost financing.

The City will offer a 25% density bonus for any project in which at least 20% of the units are affordable to low-income households and/or at least 10% of the units are affordable to very low-income households. In addition, the City will offer one or more of the following incentives to projects meeting the above criteria:

1) fee reductions, the amount of the reduction depending on the financial need of the project to maintain the affordability of dwelling units.

2) priority permit processing.

3) low-interest financing (if available as a result of a successful tax-exempt bond issue),

4) a contribution from the City's redevelopment fund consistent with a plan for the use of such funding.

5) the use of alternative subdivision standards that will result in cost savings to be passed on to the occupants of a new development, provided such alternative standards can achieve a similar level of design and service performance as standard subdivision requirements, or

6) the enlisting of financing from private lenders under the federal Community Reinvestment Act.

PROGRAM 8. Density Bonuses for Moderate-Income Housing.

Description. If a developer proposes to provide at least 25% of the dwelling units in a project at costs affordable to moderate-income households (80% to 120% of median income), the City would consider a 25% density bonus. This is an option the City would grant on a case-by-case basis based on the need for moderate-income housing, and is not required by state law.

Affordable density bonus units granted under this program must contain affordable guarantees.

The City will adopt an ordinance setting forth affordability requirements for density bonus units.

For Programs 7 and 8:

Administration/Funding. The Community Development Department will implement the provisions of program 7 and 8 as part of its planning and development permit processing responsibilities. Financial and regulatory incentives will be approved by the City Council and the Redevelopment Agency on a case-by-case basis.

Timeframe. Approve density bonuses on an on-going basis. Adopt density bonus ordinance by January 1993.

Expected Results. Development of 250 moderate-income, 350 low-income, and 105 very low-income density bonus units. Units to be provided in conjunction with other programs that provide financial incentives or subsidies for affordable housing. Although the City did not have a density bonus ordinance in place between 1988 and 1992, the General Plan policies for approving the high end of the density range for senior, low-, and moderate-income housing functions as the equivalent of a density bonus, and is more generous than the 25% density bonus required by state law.

PROGRAM 9. Pursue Funding Under State and Federal Programs

Description. There are a number of state and federal programs which provide low-cost financing or subsidies for the production of low- and moderate-income housing, although funding levels have decreased substantially over the past decade. Certain programs require an application and participation by a local public agency; other programs are for use by non-profit housing corporations and housing authorities, and the remaining programs require application and direct participation by a private developer.

9(a) Folsom will provide assistance to non-profit and private housing developers to make use of other programs which require their application and participation. The use of the programs listed below is predicated upon reaching agreements with interested non-profit or private developers to construct low- and/or moderate-income housing.

Programs which the City or the Redevelopment Agency may pursue directly are:

- a. State Predevelopment Loan Program
- b. State Rental Housing Construction Program
- c. Development Assistance Program
- d. Community Development Block Grant Program
- e. Federal loan guarantees for senior and handicapped housing developments
- f. Federal loan guarantees for low-income family housing developments
- g. HOME program (a new federal program)

These are the most readily available programs at the present time. Should the City identify other state or federal programs for which it is eligible, these other sources of funds will be considered as well.

9(b) There are a number of other programs which provide direct subsidies, mortgage insurance, or low-interest loans to non-profit housing sponsors. Agencies providing this assistance include the California Department of Housing and Community Development, the California Housing Finance Agency, the U. S. Department of Housing and Urban Development, and the U. S. Farmers Home Administration. Included in these programs are:

1) Technical assistance grants for project feasibility and development

2) Subsidies for shared housing for seniors, congregate housing, senior housing, self-help housing, transitional housing for homeless individuals, and other targeted groups

3) Mobilehome park purchase and rehabilitation

4) Project loans and loan insurance

5) Federal funds for the acquisition, conversion, rehabilitation, or construction of publicly owned or managed housing (funding is extremely limited)

9(c) The City will encourage interested non-profit and private developers, and other private entities to make use of these other programs. These other private entities could include major employers in Folsom who are interested in working with developers to finance affordable housing development for their workers.

The City will also cooperate with for-profit or non-profit developers by lending City support to, or local assistance in preparing funding applications, grant density bonuses, and apply for complementary programs that can help reduce land or site development costs for such projects, providing that development proposals are consistent with Housing Element.

Administration/Funding. The Community Development Department and the Redevelopment Agency will coordinate their efforts to make use of available state and federal programs, and to solicit participation by non-profit and private developers. The City will also cooperate with the Sacramento Housing and Redevelopment Agency for identifying suitable sites in Folsom for at least one small, scattered-site public housing development should additional funding be available from the federal government.

Timeframe. July 1991 and on-going.

Expected Results. Provision of 125 very low-income dwelling units, 250 low-income dwelling units, and 250 moderate-income dwelling units. These objectives are based on the following assumptions:

1) That the City can successfully apply for state or federal funding (HCD or HUD) for two rental housing development projects that will include at least 10% of the dwelling units affordable to very low-income households, at least 25% of the units affordable to low-income households, and at least 25% of the units affordable to moderate-income households.

2) That the City will be successful in soliciting participation by developers in at least four CHFA-financed development projects (two ownership and two multifamily rental) in which a percentage of the units will be affordable to very low-, low-, and moderate-income households.

3) That the City will be successful in working with a non-profit housing developer to develop at least two small scattered-site rental housing projects for low- and moderate-income households.

4) That the City will be able to "piggy-back" financial incentives under its density bonus program and to provide financial assistance under its redevelopment tax-increment set-aside plan.

PROGRAM 10. Tax-Exempt Bond Financing

Description. Public agencies can issue revenue bonds, the interest on which is exempt from income taxation. Because the bonds are issued through a public agency, the investors pay no income tax on the interest earned, and the bonds carry a lower interest rate than would otherwise be available to the borrower. Housing financed through tax-exempt bonds can be of two types:

1) Ownership housing, typically single-family homes, in which income qualified first-time home buyers receive a discounted mortgage interest rate.

2) Multifamily rental housing, in which the project owner receives below-market-interest-rate financing in exchange for reserving a specified percentage of dwelling units for low- and/or moderate-income households.

To use this program, a public agency must first locate an interested developer, apply for and receive an allocation from the State Mortgage Revenue Bond Allocation Committee, and locate a bond underwriter to assist in the issuance of the bonds. The process typically takes one year to 18 months from the initial application to the availability of funds for project development/financing.

The City will pursue applications for the authority to issue two tax-exempt bonds. In the event the City determines that it would be infeasible to issue bonds, it will pursue the alternative option of mortgage credit certificates, which may be issued to qualified borrowers. Mortgage credit certificates provide tax credits to borrowers, which have the equivalent effect of low-interest-rate financing. One requirement of the program is that the applicant make a deposit of 1/2 of one percent of the bond allocation being requested.

The City will seek an interested developer to take advantage of the mortgage revenue bond program and explore the cost and feasibility of issuing tax-exempt bonds. Because the size of a likely project would be small, it may not be financially feasible for the City to issue tax exempt bonds individually. In such a case, the City would look for one or more other interested public agencies to form a joint powers authority to issue bonds jointly.

Administration/Funding. The Community Development Department would work with the Folsom Redevelopment Agency in applying for a

bond allocation. The Community Development Department would take the lead in locating an interested developer. The City Manager and City Attorney would take the lead in setting up necessary legal mechanisms to issue and administer the bonds. Funding for the required deposit would have to be provided by the developer, and administrative costs of issuing the bonds could be covered through arbitrage (the difference between the interest rate paid to bond holders and the interest rate charged to the developer or home buyers).

Timeframe. Determine feasibility and locate interested developer(s), if any, for potential bond issues in 1993 and 1995. Develop affordable housing projects in 1994 and 1996. (The City would not pursue this program until one or more interested developers can be identified).

Expected Results. Finance at least two projects with tax-exempt bonds, or provide mortgage credit certificates for borrowers in at least one project. The City will specify a minimum percentage of dwelling units to be affordable to low- and/or moderate-income households. Objective is for 25 very low-income, and 75 low-income, and 150 moderate-income housing units.

PROGRAM 11. Community Reinvestment Act

Description. Folsom will identify financial institutions operating in the City that fall under the requirements of this act and request that these institutions develop specific programs for providing financing for low- and moderate-income housing.

The Community Reinvestment Act directs federal regulatory and deposit insurance agencies to encourage the institutions they regulate or insure to assist in meeting the credit needs of their communities, including low- and moderate-income needs. Federal agencies are supposed to evaluate compliance with the intent of this act when reviewing applications by financial

institutions for charters, new branches, mergers, relocations, and other regulated transactions. Until recently, the provisions of this act were not widely implemented.

Administration/Funding. The Community Development Department will be responsible for assisting public agencies, non-profit organizations, and private developers seeking commitments from financial institutions willing to assist in the financing of affordable housing projects.

Timeframe. January 1, 1993 and ongoing.

Expected Results. Financing of one or more affordable housing project(s) at favorable terms. Objectives for this program are included in programs 1-4 above.

PROGRAM 12. Permit and Development Fee Reductions

Description. Development and building permit fees represent a substantial portion of the cost of housing. The City will decide, on a case-by-case basis, to waive or reduce fees for affordable housing projects. This decision will be based, in part, on the availability of alternative means of financing the services or facilities for which the fees are being charged, and the ability of the City to absorb the revenue loss from fee waivers or reductions. The City will also request waivers or reductions from other agencies which have independent authority to charge fees.

Administration/Funding. The Community Development Department will recommend to the City Council fee waivers or reductions on a case-by-case basis. The Council will be responsible for approving fee waivers or reductions for those fees over which it has jurisdiction.

Timeframe. On going, and reviewed on a case by case basis.

Expected Results: Cost savings for affordable housing projects.

PROGRAM 13. Second Units in Single-Family Neighborhoods.

Description. The City will permit second units in single-family neighborhoods according to the requirements of state law. The City will implement the second unit standards in state law until it adopts its own second unit ordinance.

This program is designed to allow additional affordable housing opportunities in neighborhoods in which lot and dwelling unit sizes are sufficiently large to permit the creation of small second unit. City standards for the location and design of such units will ensure that homes with second units are not readily distinguishable from other homes in a single-family neighborhood.

The adoption of a second unit ordinance will encourage the creation of second units in two ways: 1) it will provide an established process with standards by which interested residents can construct such units, and 2) it will provide a process by which units created prior to the adoption of an ordinance, without the proper permits, can be brought into compliance with City standards.

Administration/Funding. Community Development Department and Building Department to review applications and ensure compliance with City standards.

Timeframe. Implementation of state standards current and on-going. City will adopt second unit ordinance by July 1, 1993.

Expected Results. Creation of 25 dwelling units, 10 affordable to very low- and 15 affordable to low-income households.